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Chairman: Mr. Chowdhury (Bangladesh)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Mselle

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The meeting was called to order at 12 50 p.m.

Agenda item 115: Programme budget for the biennium 1996-1997 (continued) (A/C.5/52/L.20)

Draft resolution A/C.5/52/L.20

1. *Draft resolution A/C.5/52/L.20 was adopted.*

Agenda item 116: Proposed programme budget for the biennium 1998-1999 (continued) (A/C.5/52/L.18 and A/C.5/52/L.19)

Draft resolution A/C.5/52/L.18

2. **Mr. Riva** (Argentina), introducing draft resolution A/C.5/52/L.18, said that part III, paragraph 28, should be deleted.
3. **The Chairman** invited delegations to indicate any other changes to be made to the draft resolution.
4. **Mr. Nour** (Egypt), speaking on behalf of the Group of 77 and China, said that the following changes should be made to reflect the understanding reached in the informal consultations: the last phrase of part II, paragraph 2, "and requests the Secretary-General to take necessary measures thereon", should be deleted; part III, paragraph 8, should read "Notes that the newly created Department of General Assembly Affairs and Conference Services would not ..."; the end of part III, paragraph 26, should read "... and also decides to have, in the new Department, two P-5 posts, one of which is proposed for abolition and the other is to be established"; the last part of part III, paragraph 41, should be reworded to read "... and to submit its conclusions and recommendations thereon to the General Assembly for its consideration during the first part of its fifty-third session and no later than 1 October 1998"; the words "to replace the existing extrabudgetary financed post" should be added to the end of part III, paragraph 48; in the first line of part III, paragraph 51, the words "least developed" should be deleted; in part III, paragraph 58, the word "Endorses" should be replaced by the words "Takes note of"; and, in the fifth line of part III, paragraph 68, the word "service" should be replaced by the word "services".
5. **Mr. Maddens** (Belgium), speaking on behalf of the European Union, said that, in accordance with the understanding reaching in informal consultations, the posts for the Strategic Planning Unit mentioned in part III, paragraph 5, should also include one P-5 post.
6. In annex II, paragraph 17, the word "Pertinent" should be deleted. In annex II, paragraph 34, the last phrase of the first new paragraph should read "and to promote awareness about the content and importance of the right to development, including through information and educational activities"; the second sentence of the second new paragraph should read "These objectives will be pursued within the framework of the indivisibility, interdependence and interrelatedness of all human rights and will be aimed at facilitating the implementation of standards, the work of treaty bodies, special rapporteurs and other bodies, the preparation of new standards, ensuring the recognition on the national and international level of economic, social and cultural rights, promoting democracy and strengthening national human rights institutions and procedures for the rule of law, contributing to the elimination of racism, racial discrimination, xenophobia and new forms of discrimination, strengthening the recognition of the human rights of women and children, and the protection of vulnerable groups such as minorities, migrant workers and indigenous people".
7. With respect to annex III, paragraph 4, the words "national" and "transition" should be deleted from paragraph 14.3 of the programme narrative.
8. **Ms. Letrot** (France) said that the following changes should be made to the draft resolution: part II, paragraph 15, should read "... to make careful use of resources for consultants and experts, general temporary assistance, travel, electricity and hospitality during the biennium ..."; in part II, paragraph 17, the phrase "in particular in the area of publications at Geneva," should be added after the words "... the commercial activities of the United Nations."; part III, paragraph 15, should end with the words "... conference services provided", and the remainder of the paragraph should be deleted; lastly, in part III, paragraph 87, the word "Notes" should be replaced by "Takes note".
9. **The Chairman** pointed out that the paragraphs in part III relating to section 25 were wrongly numbered in the English version.
10. **Ms. Goicochea Estenoz** (Cuba) said, with reference to part III, paragraph 45, that annex IV should contain tables indicating the resources allocated under each subprogramme. In annex II, there was a problem with the Spanish version of paragraph 26 (a); in addition, annex II, paragraphs 34 and 35, should be revised, as agreed, to bring them into line with the medium-term plan.
11. **Mr. Schlesinger** (Austria) said, with regard to annex III, that it would be clearer if paragraph 4 were to read: "In paragraph 14.3, first sentence, delete "national" and "the transition to".
12. **Mr. Herrera** (Mexico), referring to the Belgian suggestion that the word "Pertinent" in annex II, paragraph

17. should be deleted, said that the wording in that paragraph had been used by the Committee for Programme and Coordination (A/52/16, para. 185 (e)).
13. **Mr. Ovia** (Papua New Guinea), referring to part III, paragraph 12, said that his delegation questioned the inclusion of a P-5 post.
14. **The Chairman** said that agreement on the P-5 post had been reached in informal consultations the previous day.
15. **Mr. Marcondes De Carvalho** (Brazil) said that part III, paragraph 89, should be amended to read "*Decides* to establish a P-4 post in the Media Division for a Portuguese language radio producer".
16. **Mr. Mirmohammad** (Islamic Republic of Iran) asked whether part III, paragraph 80, referred exclusively to the preceding paragraphs 75 to 79.
17. **Mr. Sach** (Director of the Programme Planning and Budget Division) confirmed that that was indeed the case.
18. **Ms. Chen Yue** (China) said her delegation recalled that the representative of Papua New Guinea had been present when agreement had been reached on part III, paragraph 12, in informal consultations. The matter should not therefore be reopened.
19. **Ms. Peña** (Mexico) said that, in light of the proposal to delete part III, paragraph 28, her delegation wished to suggest the following alternative formulation: "*Decides* to establish a post of Under-Secretary-General to head the Department of Disarmament Affairs". Such wording would dispel the implication that the Secretary-General was bypassing the General Assembly's prerogative to establish or abolish posts. It should also be noted that the proposal made by European Union to delete the word "pertinent" in paragraph 17 of annex II was directly contradictory to the position of her delegation.
20. **The Chairman** said that the deletion of the word "pertinent" had in fact been agreed upon during informal consultations.
21. **Mr. Ovia** (Papua New Guinea) said that his delegation had no intention of reopening the debate on the P-5 post referred to in part III, paragraph 12. However, in view of the financial crisis besetting the Organization, his delegation could accept a Political Affairs Officer at the P-4 level.
22. **The Chairman** said that the draft resolution currently before the Committee reflected the agreement that had been reached in informal consultations.
23. **Mr. Ovia** (Papua New Guinea) said that his delegation was prepared to join the consensus, but that the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples would monitor the implementation of the resolution, on the understanding that it would enhance the work of the stand alone Decolonization Unit.
24. **Mr. Nour** (Egypt) asked for clarification on the status of part III, paragraph 28.
25. **The Chairman** suggested that the current formulation should be replaced by the following: "*Decides* that the new Department for Disarmament Affairs will be headed by an Under-Secretary-General".
26. **Mr. Sial** (Pakistan) said that the substitution of Under-Secretary-General for Assistant Secretary-General in part III, paragraph 28, would be an anomaly in the context of the draft resolution as a whole. The current formulation was superfluous and his delegation could not therefore agree to it.
27. **Mr. Deineko** (Russian Federation) said that the proposal regarding a new formulation for paragraph 28 had only just been introduced and would have to be referred back to his Government. His delegation was not therefore in a position to agree to the new wording at the current meeting.
28. **Mr. Humenny** (Ukraine) said that his delegation could not agree to the new wording. However, it was prepared to delete paragraph 28 entirely.
29. **Mr. Tommo Monthe** (Cameroon) said that the Secretary-General had already proposed that the new Department should be headed by an Under-Secretary-General, while some delegations had requested that the post should be downgraded to the level of Assistant Secretary-General. If, as had been proposed, the paragraph was deleted in its entirety, the Secretary-General's original proposal would still remain.
30. **Ms. Peña** (Mexico) said that the General Assembly was the only body with the power to create or abolish posts. Therefore, if it failed to pronounce itself on the new post referred to in part III, paragraph 28, there could be no legislative basis for the post.
31. **The Chairman** drew the attention of the Committee to part II, paragraph 2, of the draft resolution which stated that the General Assembly would approve the comments and recommendations of the Advisory Committee subject to the provisions of the resolution itself. The Advisory Committee had recommended that the new Department should be headed by an Under-Secretary-General and there was therefore no need to repeat the fact in the present draft resolution.

32. **Mr. Sach** (Director of the Programme Planning and Budget Division), referring to paragraph 24 of the second report of the Advisory Committee (A/52/7/Add.1), confirmed that the Advisory Committee had accepted the Secretary-General's proposal that the new Department should be headed by an Under-Secretary-General. There was full legal authority for the creation of the new post and no special mention to that effect was required in the draft resolution currently before the Committee.

33. **Ms. Peña** (Mexico) said that, in the light of the explanations received, her delegation was prepared to join the consensus to delete paragraph 28.

34. **Mr. Marcondes De Carvalho** (Brazil) said that a similar understanding should apply to section 26 of the budget, under which the new Office of Communications and Public Information would also be headed by an Under-Secretary-General.

35. **Mr. Nour** (Egypt) asked the Secretariat to clarify that the same understanding did in fact apply to the post just referred to by the representative of Brazil.

36. **Mr. Sach** (Director of the Programme Planning and Budget Division) said that that was indeed the case, and in that connection he referred the Committee to paragraph 47 of the Advisory Committee's second report.

37. *Draft resolution A/C.5/52/L.18, as orally revised, was adopted.*

38. **Mr. Maddens** (Belgium), speaking on behalf of the European Union, said that the Union would explain its position on the draft resolution which had just been adopted at the next plenary meeting of the General Assembly.

39. **Mr. Sulaiman** (Syrian Arab Republic) said that a new headquarters for the High Commissioner for Human Rights had been made available at the Palais Wilson by the Government of Switzerland. Since the General Assembly had been unable to discuss the relevant report of the Secretary-General in the context of the programme budget for the biennium 1998-1999, in anticipation of certain information requested from the Advisory Committee, his delegation hoped that the matter would be discussed and brought to a conclusion during the first part of the resumed session of the Fifth Committee, in order to facilitate the work of the High Commissioner in the new headquarters.

40. **Mr. Saha** (India) said that the first sentence of paragraph 2B.4 in paragraph 1 of annex III to the draft resolution which had just been adopted seemed to be ambiguous and should be checked against earlier documents, specifically the medium-term plan.

41. **Ms. Powles** (New Zealand), speaking also on behalf of Canada and Australia, said that the budget which had just been adopted reflected the theme of reform. It formalized most of the restructuring of the Secretariat, gave effect to the idea of redirecting savings realized in non-programme costs into development activities via the development account, and included the concept of net budgeting. The structure of the Secretariat and its staffing levels were primarily questions for the Secretary-General to decide, but the policy framework for the budget should be set by the General Assembly.

42. Negotiations had revealed several shortcomings in the current budgetary process. In the interests of greater predictability and budgetary discipline, there should be fewer add-ons to the initial level of appropriations which had just been approved. Current budgetary procedures also provided too little information about the results or outputs of programmes.

43. The negotiation process would not be complete without the presentation, at all important stages, of the total expenditures and income by section, as well as a summary showing the total level of expenditures, income and the net regular budget. Such information should therefore be provided not only in the performance report but also in the outline documents and in informal consultations.

44. **Mr. Yamagiwa** (Japan) said that, while his delegation welcomed the total level of appropriations for the biennium 1998-1999 in the amount of \$2,532 million, it noted that that figure represented an increase of \$10 million over the total appropriations contained in the budget outline after recosting. His delegation also welcomed the concept of net budgeting in regard to the Joint Inspection Unit, the International Civil Service Commission and the Vienna Conference and Security Services, and looked forward to receiving the relevant report from the Secretary-General. The appropriation to the newly established development account was another positive step.

45. A considerable number of additional appropriations would be required for special missions in 1998. In that connection, his delegation had some concerns about currency fluctuations during the coming biennium, and was particularly concerned that the current strength of the United States dollar would not last. Those factors should be kept in mind in the context of the revised appropriations for the biennium 1998-1999, which would be considered by the Committee in 1998.

46. **Ms. Goicochea Estenoz** (Cuba) said that her delegation had accepted the practice of net budgeting on the understanding that it would be kept under review, especially

with respect to its potential impact on the activities of the Joint Inspection Unit and the International Civil Service Commission; her delegation awaited with interest the report to be submitted on the subject. She had serious reservations about the resource request for section 22, since it deviated from the process established by General Assembly resolution 41/213 by including activities for which no mandate had existed when the budget had been prepared. Her delegation awaited the report requested in part III, paragraph 79, of draft resolution A/C.5/52/L.18 so that appropriate measures could be taken. She also had reservations about the fact that section 1B did not include the secretariats of all the Main Committees; the proposal should have been consistent in that respect. It was important to continue to work on the basis of General Assembly resolution 41/213 as a whole throughout the biennium so as to avoid distorting the budget process, as had occurred in the biennium 1996-1997.

47. **Mr. Sial** (Pakistan) said that it was his delegation's understanding that part III, paragraph 32, of the draft resolution did not reflect a selective approach, but applied uniformly to section 3 of the budget.

48. **Ms. Peña** (Mexico) said she trusted that the agreements reflected in the draft resolution would be implemented fully by the Secretariat and supported by a commitment on the part of Member States to paying their assessments in full, on time and without conditions. She shared the views expressed by the Cuban delegation concerning the budget process established by General Assembly resolution 41/213 and the secretariats of the Main Committees of the General Assembly and of the Security Council. She hoped that the posts approved for the coming biennium would be filled as soon as possible and that the unsatisfactory experience of 1996-1997 would not be repeated. For example, one post which had been approved for the Economic Commission for Latin America and the Caribbean (ECLAC) had not even been advertised until September 1997, as the biennium was drawing to a close.

49. **Mr. Farid** (Saudi Arabia) said that the Secretariat had never replied to his delegation's questions as to the number of posts to be abolished which pertained to developing countries and details on the staff members who had been transferred from the regular budget to the support account and then back to the regular budget since the inception of the support account. He expected that that information would be provided during the first part of the resumed fifty-second session.

50. **Mr. Repasch** (United States of America) said he was pleased that the Committee had adopted a budget which would allow for the implementation of approved mandates

and which reflected continuing reform efforts and better managed programmes.

51. **The Chairman** drew attention to part III, paragraph 94, of the draft resolution, which referred to the need to rationalize the Committee's working methods. It was important for the Committee to improve, in particular, the manner in which it considered and took decisions on proposed budgets.

Draft report of the Fifth Committee (A/C.5/52/L.19)

52. **The Chairman** drew attention to document A/C.5/52/L.19, which contained the draft report of the Fifth Committee. In particular, he invited the Committee to take action on the draft resolutions recommended in paragraph 28 of the report. Draft resolution I, which was contained in document A/C.5/52/L.18, had already been adopted. If he heard no objection, he would take it that the Committee also wished to adopt draft resolutions II (Programme budget for the biennium 1998-1999), III (Special subjects relating to the proposed programme budget for the biennium 1998-1999), IV (Unforeseen and extraordinary expenses for the biennium 1998-1999) and V (Working Capital Fund for the biennium 1998-1999).

53. *Draft resolutions II, III, IV and V (A/C.5/52/L.19, para. 28) were adopted.*

54. **Mr. Nour** (Egypt) said that, in the table contained in paragraph 11 of document A/C.5/52/L.19, the references to the consideration of the task force report should be deleted from section 26 (Communications and public information), paragraph II (b); section 32 (Staff assessment), paragraph IV (d); and income section 1 (Income from staff assessment), paragraph V (d), to reflect the request contained in part III, paragraph 89, of document A/C.5/52/L.18. Moreover, the two P-5 posts for the new Department for Disarmament Affairs should be reflected in the table under section 32, paragraph IV (Fifth Committee adjustments).

55. **Mr. Ovia** (Papua New Guinea) pointed out that the table contained references to documents A/52/303 and Add.1 under sections 1A, 1B, 2A and 2B. However, the posts approved by the Committee did not conform to the proposals contained in document A/52/303/Add.1. The references in the table should therefore be changed to reflect what the Committee had approved by adopting draft resolution A/C.5/52/L.18.

56. **Mr. Sach** (Director of the Programme Planning and Budget Division) said that the posts approved by the Committee under sections 1B and 2A were reflected in document A/C.5/52/L.18, which superseded document

A/52/303/Add.1. The two P-5 posts approved for the Department for Disarmament Affairs were reflected in the table in document A/C.5/52/L.19 under section 2B, paragraph II. The fact that there was no separate reference to those posts under section 32 or income section I would not limit the use of the posts; any minor adjustments that might be necessary could be made at a later stage.

57. **Mr. Marcondes De Carvalho** (Brazil) said that the decision to add a P-4 post under section 26 (Communications and public information) had not been reflected in the table in document A/C.5/52/L.19. Paragraph II (a) of that section referred to the "regularization of the position of a radio producer", but indicated an approved amount of zero.

58. **Ms. Brennen-Haylock** (Bahamas) said that the D-1 post which had been approved under section 7A (Economic and social affairs) was for the Office of the Special Adviser to the Secretary-General on Gender Issues and Advancement of Women, not for the Division for the Advancement of Women, as indicated in paragraph II (a) of section 7A in the table in document A/C.5/52/L.19.

59. **Mr. Sach** (Director of the Programme Planning and Budget Division) said that due note had been taken of the correction made by the representative of the Bahamas. With respect to the comment made by the Brazilian delegation, the regularization of the post in question meant that the cost of the new P-4 post would be offset by a corresponding reduction in contractual services.

60. **Mr. Farid** (Saudi Arabia) asked how the proceeds received from other organizations for the financing of the Joint Inspection Unit were treated for accounting purposes, and specifically whether those amounts were credited under miscellaneous income.

61. **Mr. Sach** (Director of the Programme Planning and Budget Division) said that the proceeds from the organizations which participated in the work of the International Civil Service Commission and the Joint Inspection Unit would be credited as miscellaneous income until the end of the current biennium. However, with the switch to net budgeting, those amounts would subsequently be credited to the special account for those two items.

62. **Mr. Farid** (Saudi Arabia) asked why, if Member States covered the expenses of the Joint Inspection Unit, the partial reimbursement received from other organizations was credited as miscellaneous income instead of being returned to Member States.

63. **Mr. Sach** (Director of the Programme Planning and Budget Division) said that the proceeds from the specialized agencies and other organizations that participated in the

work of the Joint Inspection Unit and the International Civil Service Commission would be held in special accounts to finance the portion of those activities which was not financed by the regular budget. There was therefore no surplus to return to Member States.

Agenda item 120: Scale of assessments for the apportionment of the expenses of the United Nations
(continued) (A/C.5/52/L.17)

64. **The Chairman** drew attention to draft resolution A/C.5/52/L.17, entitled "Scale of assessments for the apportionment of the expenses of the United Nations", and read out the changes which had been agreed upon in informal consultations.

65. **Mr. Boynton** (United States of America) said, with respect to the review of the scale methodology to be conducted by the Committee on Contributions (A/C.5/52/L.17, section C), that his Government regretted that the draft resolution did not include specific requests from Member States concerning the issues to be studied. The unusual procedure by which Member States could make their requests only through explanations of position should not constitute a precedent.

66. His Government requested that, in the review of the scale methodology, the Committee on Contributions should pay particular attention to the following points: the reduction of the base period to three years beginning in 2001; annual recalculation; the use of purchasing power parity conversion rates; the application of different progressive gradients to countries below the low per capita income threshold, based on their share of the total of Member States' gross national product (GNP); the pattern of per capita assessments for all Member States in relation to the average per capita assessment; the application of the debt burden adjustment and, in particular, the extent to which the use of either debt flow or debt stock duplicated the consideration of debt in the calculation of GNP; the implications of using gross domestic product (GDP) instead of GNP; the applicability of Article 17 of the Charter and of rule 160 of the rules of procedure to the scale of assessments for the peacekeeping budget; the ability of Member States to decide voluntarily to pay more than their assessed amounts; and the issue of discontinuity resulting from the application of the low per capita income adjustment.

67. **Ms. Goicochea Estenoz** (Cuba) said that in the second preambular paragraph of draft resolution A/C.5/52/L.17, the phrase "in accordance with rule 160 of the rules of procedure" should be added after the words "capacity to pay".

68. With regard to section C, her delegation felt that, at its next session, the Committee on Contributions should take into account the application of paragraph 3 of General Assembly resolution 48/223 B, the need to maintain exchange rates in accordance with General Assembly resolution 46/221, the possibility of eliminating the ceiling, and the possibility of increasing the gradient of the low per capita income adjustment formula, and should review the question of the debt burden adjustment. Her delegation had serious reservations about section D and could not accept conditions which would affect the multilateral nature of the Organization.

69. **Mr. Atiyanto** (Indonesia) said his delegation believed that the expenses of the Organization should be apportioned according to the principle of capacity to pay. It strongly supported the view that the low per capita income adjustment should be applied to developing countries; that adjustment was one of the fundamental aspects of the scale methodology. It believed that the debt burden adjustment should be applied in calculating the scale of assessments, taking into account the continuing serious economic and financial situation of the developing countries, especially those with a high level of external debt. His Government expressed continued support for the work of the Organization, despite the current financial distress of the Indonesian economy.

70. **Mr. Maddens** (Belgium), speaking on behalf of the European Union and the associate countries of the Czech Republic, Hungary, Lithuania, Poland and Romania, said that the European Union welcomed the trend towards a better reflection of recent economic realities in the calculations for establishing the scale of assessments, particularly in the case of the low per capita income adjustment. It was disappointing that that trend was not reflected to the same extent with regard to the statistical base period and the debt burden adjustment. Those elements were important in terms of the equity and transparency of the scale and the maximum reflection of capacity to pay. It was encouraging that the new minimum contribution of 0.001 per cent was part of the methodology. However, the results achieved, taking into account the interests of a few Member States which had shown little flexibility, were not truly equitable for the majority of States.

71. With regard to the future work of the Committee on Contributions, it was disappointing that only one, fairly general, paragraph had been agreed upon. It appeared that the General Assembly had in some way abdicated its responsibility to give clear instructions to the Committee on Contributions. The European Union believed that the reduction of the statistical base period to three years was still

necessary and should be accorded priority, particularly since the Committee on Contributions had already reached a similar conclusion (A/51/11, para. 75). Moreover, a more detailed study should be carried out on the concept of annual recalculation. Lastly, consideration needed to be given to the low per capita income adjustment.

72. **Mr. Ho Tong Yen** (Singapore) said that, when considering ways of addressing the problem of discontinuity at the threshold of the low per capita income adjustment, the Committee on Contributions must adhere to the basic principle that the low per capita income adjustment was intended to provide relief for countries with per capita incomes below the world average and not to impose a progressive surcharge on countries with per capita incomes above the threshold. In attempting to address a limited problem faced by a group of countries, the Committee on Contributions must avoid introducing new and possibly greater distortions in the scale of assessments.

73. **Mr. Abdullah** (Bahrain) said that his delegation endorsed the comments made by the representative of Singapore. In the search for ways of addressing the problem of discontinuity, the solution could not be to place a progressive surtax on countries with high per capita incomes.

74. **Ms. Brennen-Haylock** (Bahamas) said that her delegation associated itself with the comments made by the representative of Singapore. It firmly believed that the issue of discontinuity should not be addressed by placing an additional burden on countries with high per capita incomes; that would produce greater distortions in the scale methodology.

75. **Mr. Greiver** (Uruguay), speaking on behalf of the members of the Common Market of the Southern Cone (MERCOSUR) and the associated countries of Bolivia and Chile, referred to the earlier statements made on behalf of MERCOSUR in the Committee and in the plenary Assembly. The scale of assessments was the sum of all the components of the methodology and, if even one of the elements was not properly reflected, the result would not correspond to capacity to pay. The MERCOSUR countries were deeply concerned about the issue of the threshold countries, which must be given priority; a solution must be found to the unjust situation of one member of MERCOSUR. One solution would be to maintain the current system with a slight improvement: countries which were below the threshold would continue to qualify for the adjustment; those which crossed the threshold for the first time would not be subject to the adjustment or the surcharge for a certain period of time, but those which were still above the threshold after that

grace period would pay the surcharge. That would be a just solution, and provide for a gradual increase.

76. The MERCOSUR countries felt that, since exchange rates remained critical in determining income, the review of exchange rates must continue. The initial indicator should continue to be the current value in national currency of the gross national product (GNP), but when, after the exchange rate had been applied, that indicator did not reflect actual growth, some type of correction should be made to bring the scale of assessments more into line with economic reality.

77. The statistical base period must ensure stability in the scale, especially for developing countries with sharply fluctuating economies.

78. Future reports of the Committee on Contributions should include, as annexes, all the data used for each country and the mathematical formulae used at each stage. That information would be very important for delegations and would increase transparency.

79. **Mr. Takasu** (Japan) said his delegation felt that it was essential that the people of every Member State should feel that the responsibility for financing the United Nations was shared in a fair and equitable manner, otherwise it would be impossible to secure their support for the United Nations. His Government believed that the current methodology and parameters for calculating the scale of assessments did not produce a fair and equitable sharing of financial responsibility; the apportionment of the expenses of the Organization must correspond broadly to capacity to pay.

80. The low per capita income adjustment was a case in point: even after the gradient was reduced to 80 per cent, some Member States with large economies would still pay only one third or one quarter of their GNP share of the world economy. Since exchange rates affected the comparable income data, the selection of exchange rates was important; because of the market exchange rate, the scale sometimes did not reflect the real capacity to pay of some Member States.

81. His delegation believed that the share of each Member State in the financing of the United Nations should correspond to its status in the Organization, bearing in mind the concept of responsibility to pay: those countries with special responsibilities within the United Nations should bear a commensurate share of the financial burden. Permanent members of the Security Council were deeply involved not only in decision-making on peacekeeping operations, but also in many other issues which affected the daily operation and management of the Organization, including the nomination of candidates for Secretary-

General. Yet the total share of the scale of assessment of the permanent members of the Security Council would fall well below 40 per cent in the proposed scale for 1998-2000. Two of the permanent members were not subject to per capita income reduction, and the largest contributor wished to lower the ceiling further. Thus the trend was for the share of the permanent members to continue to fall, while Japan's scale of assessment would rise to more than 20 per cent in the year 2000.

82. Another aspect of responsibility to pay was collective financial responsibility. Every Member State, large or small, was accorded equal status and voting rights in the General Assembly. At the same time, every Member State had to have at least a minimum share of financial responsibility. The proposal to bring down the floor to such a low level that some Member States would be assessed at just over \$10,000 per year would therefore have to be considered carefully.

83. His delegation felt strongly that responsibility to pay should be taken into account in calculating the scale; that the gradient of the low per capita income adjustment should be reduced to 75 per cent at a minimum; and that the scheme of limits should be phased out.

84. Although the proposed scale of assessments did not fully ensure equity and fairness among Member States, in a spirit of consensus and despite severe financial and economic difficulties in Japan, his delegation would not block a consensus on draft resolution A/C.5/52/L.17.

85. Although section D of the draft resolution envisaged the possibility of reviewing the scale for the years 1999-2000, it was his delegation's understanding that the General Assembly was to adopt the proposed scale, which his delegation had accepted as a package for three years, based on the parameters set forth in section A, paragraph 1, of the draft resolution. While his delegation understood the argument that the financing of the Organization should not depend upon a single country or a limited number of countries, it noted that the largest contributor already received substantial discounts as a result of the 25 per cent ceiling. Lowering the ceiling further would be inconsistent with both the principle of capacity to pay and the concept of responsibility to pay. Any review of the scale for the years 1999-2000 should be a comprehensive review based on the recommendations of the Committee on Contributions. If the outcome of such a review was that Japan should assume an even larger share of the budget to compensate for additional benefits accorded to other countries, his delegation would find that option unacceptable.

86. His delegation hoped that the Committee on Contributions would engage in a thorough and

comprehensive review of all elements of the scale methodology. It should review the concept of responsibility to pay from a technical standpoint and draw up concrete recommendations to the General Assembly. It could consider, *inter alia*, the manner of applying the low per capita income adjustment in reflecting the status of Member States. The low per capita income adjustment should be reviewed in a comprehensive manner, since the current methodology was lacking in fairness and equity, particularly in the case of Member States with relatively low per capita incomes but large economies.

87. His delegation did not support the proposal regarding the progressivity of the low per capita income adjustment. The original purpose of the adjustment had been to reduce the financial burden of low income countries, while the purpose of progressive taxation systems used in some countries was usually to redistribute individual income. The proposal would produce a further departure from the equitable sharing of the burden among Member States.

88. **Mr. Hanson** (Canada) said that his delegation shared the concerns about the complexity of the scale of assessments, but was also mindful that among the 185 Member States there were extreme disparities in national income, per capita income, economic development and population, all of which must be taken into consideration.

89. It was regrettable that it had not been possible to reach consensus on specific guidance to be provided to the Committee on Contributions. His delegation felt that the Committee on Contributions should review the following elements: the possible reduction of the base period to three years for the scale periods following 1998-2000; the low per capita income adjustment, and ways of addressing the problem of discontinuity experienced by countries just above the threshold in relation to those just below it, including the possibility of removing that distortion by applying progressivity to the distribution of points to countries above the threshold, without departing from the basic principle of the low per capita income adjustment; the possible introduction of automatic annual recalculation of the scale of assessments through the annual updating of the statistical base data; the pattern of per capita assessments, and the possible reintroduction of the provision that the per capita assessment of any Member State should not exceed the per capita assessment of the Member State which had the highest assessment; and the application of the debt burden adjustment, including consideration of arrangements which best reflected the effect of the burden of debt on the capacity to pay of Member States.

90. His delegation supported the inclusion in draft resolution A/C.5/52/L.17 of a decision to consider reviewing the scale of assessments for the years 1999-2000 during the resumed fifty-second session, for the reasons stated by his country's Minister for Foreign Affairs earlier in the session in his statement to the General Assembly at its 12th plenary meeting.

91. **Mr. Lukk** (Estonia), speaking also on behalf of Latvia, associated himself with the statement made by the representative of the European Union.

92. **Mr. Armitage** (Australia) and **Ms. Powles** (New Zealand), associated themselves with the substance of the remarks made by the representative of Canada.

93. **Mr. Zhang Wanhai** (China) drew attention to a number of translation errors in the Chinese version of the draft resolution, which should be corrected by the Secretariat.

94. With regard to the statement made by the representative of Japan, he said that the question of responsibility to pay was a political matter and the Committee on Contributions could not be requested to make a decision thereon without a specific mandate from the General Assembly. China's status as a permanent member of the Security Council had not been bought with money. Rather, it was a tribute to his country's efforts to resist aggression in the Second World War, during which it had lost more than 27 million people. Those who launched wars of aggression had a greater responsibility in that regard. Just the previous week, for example, China had marked the sixtieth anniversary of the Nanking massacre. It was therefore all the more difficult for his country to accept the concept of responsibility to pay.

95. **Mr. Blukis** (Latvia) said that the discontinuity in the low per capita income adjustment had arisen as an unintended consequence of other decisions. The Committee on Contributions should therefore seek ways to minimize such consequences in the future. For its part, the Fifth Committee should exploit the valuable experience of the representative of Barbados, who had been the coordinator of the negotiations on the draft text, in seeking ways to improve its work during the resumed session.

96. **Ms. Güray** (Turkey) pointed out that the assessed contribution proposed for Turkey was not consistent with the provisions of the draft text on the elements of the scale. While her Government had a different interpretation of the scale and the table of assessments, it had no wish at the current late stage to block the consensus that had emerged within the Committee.

97. **Mr. Monayair** (Kuwait) supported the statements made by the representatives of the Bahamas, Bahrain and Singapore. The informal consultations had been characterized by attempts to introduce political issues into the technical discussion of the scale's elements, thereby delaying the final agreement. He hoped that such attempts would not be repeated in the future.

98. **Mr. Farid** (Saudi Arabia) supported the statements made by the representatives of Bahrain, Kuwait and Singapore. His Government was of the view that the principle of low per capita income adjustment should be upheld and that a progressive surtax should not be imposed on countries with high per capita incomes.

99. **Mr. Saha** (India) said that his delegation's acceptance of the proposed new scale was based on its commitment to the principle of capacity to pay and the stated intention of the Committee on Contributions to review all elements of the scale methodology. He did not agree, however, with the proposal that the question of purchasing power parity should be reviewed, since the introduction of that concept would only distort the consensus that had been achieved.

100. **Mr. Ramlal** (Trinidad and Tobago) said that the text of the draft resolution was a reaffirmation of the principle of capacity to pay and of the obligation of Member States to pay their assessed contributions in full, on time and without conditions. Owing to time constraints and the need to reach a consensus, section C of the draft resolution had emerged in a somewhat truncated form. That approach should not be used in future negotiations on the scale.

101. **Mr. Hanson-Hall** (Ghana), speaking on behalf of the Group of 77 and China, said that the proposed scale was based on the principle of capacity to pay. On the subject of the base period, the intention should not be to identify a particular period but to determine what was right and proper for all Member States. For its part, the debt burden adjustment should be based on the debt stock of the Member State in question.

102. **Ms. Peña** (Mexico) expressed the hope that the Committee on Contributions would consider various possible statistical base periods for determining the scale for the years 2001-2003. With regard to section D of the draft resolution, it was important to preserve the balance that had emerged from the discussions on the scale methodology.

103. **Ms. Aragon** (Philippines) said that her delegation associated itself with the remarks made by the representative of Indonesia on section C of the draft resolution. In reviewing the scale methodology, the Committee on Contributions should ensure that the interests of the

developing countries were taken into account. The debt burden adjustment must be based on the debt stock of the Member State in question and the length of the base period must be considered in the context of the abolition of the scheme of limits.

104. **Mr. Elmontasser** (Libyan Arab Jamahiriya) said that, in calculating the scale, the Committee on Contributions should take account of the principle of capacity to pay and of specific economic difficulties outside the control of certain Member States. He supported the statements made by the representatives of Bahrain, Saudi Arabia and Singapore on the issue of discontinuity in relation to the low per capita income adjustment.

105. **The Chairman** said that he took it that the Committee wished to adopt the draft resolution, as orally revised.

106. *Draft resolution A/C.5/52/L.17, as orally revised, was adopted.*

107. **Mr. Humenny** (Ukraine), speaking in explanation of his delegation's position, said that the adopted text would bring the assessments of a large number of Member States more into line with their real capacity to pay. The new scale would provide Ukraine with an opportunity to reduce its arrears significantly. Indeed, his Government proposed to make a payment of over \$20 million to the Organization within the next few days.

108. **Mr. Yussuf** (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, said that the Group had been proud to join in the consensus and wished to urge all Member States to pay their contributions in full, on time and without conditions.

109. **Mr. Soon Chul Shin** (Republic of Korea) said that his delegation had joined in the consensus, despite its reservations concerning the scheme of limits. The successful functioning of the Organization depended on Members paying their assessed contributions in full and he therefore hoped that the Congress of the United States of America would now find it easier to pay off that Member State's arrears. With regard to section D of the draft resolution, his delegation was of the view that the discussion of the scale should not be reopened.

110. **Mr. Lozinsky** (Russian Federation) thanked all those who had helped the Committee to reach a consensus on the very sensitive issue of the scale of assessments.

Agenda item 114: Review of the efficiency of the administrative and financial functioning of the United Nations (continued) (A/C.5/52/L.15 and A/C.5/52/L.16)

Draft decision A/C.5/52/L.15

111. *Draft decision A/C.5/52/L.15 was adopted.*

Draft decision A/C.5/52/L.16

112. *Draft decision A/C.5/52/L.16 was adopted.*

**Completion of the Committee's work for the main
part of the fifty-second session of the General
Assembly**

113. After an exchange of courtesies, in which **Ms. Aragon** (Philippines), on behalf of the Association of South-East Asian Nations (ASEAN), **Mr. Riva** (Argentina), on behalf of the Group of Latin American and Caribbean States, **Mr. Van de Velde** (Belgium), on behalf of the European Union and the Group of Western European and Other States, **Mr. Hanson** (Canada), on behalf of Canada, Australia and New Zealand, **Mr. Tommo Monthe** (Cameroon), on behalf of the Group of African States, **Mr. Yussuf** (United Republic of Tanzania), on behalf of the Group of 77 and China, **Mr. Watanabe** (Japan), **Mr. Boynton** (United States of America), **Ms. Güray** (Turkey), **Mr. Pappalardo** (Paraguay), on behalf of the Rio Group, **Mr. Pham Quang Vinh** (Viet Nam) and **Mr. Ovia** (Papua New Guinea) took part, the **Chairman** declared that the Fifth Committee had completed its work for the main part of the fifty-second session of the General Assembly.

The meeting rose at 4.40 p.m.